

Message Text

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PAGE 01 STATE 141383
ORIGIN ARA-14

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FM SECSTATE WASHDC
TO AMEMBASSY SAN JOSE IMMEDIATE

C O N F I D E N T I A L STATE 141383

E.O. 11652: GDS

TAGS: PINT, CS

SUBJECT: LETTER FROM THE PRESIDENT

1. FOLLOWING IS TEXT OF LETTER FROM THE PRESIDENT TO
PRESIDENT CARAZO, RESPONDING TO HIS LETTER OF MAY 8.
ORIGINAL BEING POUCHED. EMBASSY SHOULD DELIVER TEXT
AS SOON AS POSSIBLE. LETTER MAY BE DECLASSIFIED AFTER
DELIVERY.

DEAR MR. PRESIDENT:

ROSALYNN HAS TOLD ME OF THE HOSPITALITY AND FRIENDLINESS
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SHOWN HER BY YOU, BY MRS. CARAZO, BY THE MEMBERS OF
YOUR GOVERNMENT AND BY THE PEOPLE OF COSTA RICA. MY
WARMEST THANKS TO ALL OF YOU. AS YOU BEGIN YOUR TERM,
YOU HAVE OUR VERY BEST WISHES FOR A MOST SUCCESSFUL FOUR
YEARS AS THE HEAD OF ONE OF THIS HEMISPHERE'S LEADING
DEMOCRACIES.

I HAVE READ YOUR RECENT LETTER WITH GREAT INTEREST. PLEASE BE SURE THAT MY ADMINISTRATION HAS NO INTENTION OF SEEKING THE ELIMINATION OF THE GSP PREFERENCE FOR SUGAR EXPORTED FROM COSTA RICA. PRESS REPORTS WHICH HAVE RAISED THIS POSSIBILITY HAVE NOT COME FROM THE EXECUTIVE BRANCH, AND WE WILL OPPOSE ANY MOVE TO REMOVE

THE GSP PREFERENCE. AT THE SAME TIME, WE REMAIN VERY CONCERNED ABOUT THE NEED TO HAVE A DOMESTIC SUGAR PROGRAM WHICH WILL SATISFY THE NEEDS OF OUR SUGAR PRODUCERS AND CLEAR THE WAY TO U. S. RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT.

WITH REGARD TO TEXTILES, I AM CONCERNED THAT THE EXTREMELY RAPID GROWTH OF IMPORTS, PARTICULARLY APPAREL IMPORTS, CAN HAVE A DISRUPTIVE EFFECT ON THE U. S. TEXTILE INDUSTRY AND ITS 2.3 MILLION WORKERS. BECAUSE OF THIS, WE HAVE SOUGHT TO REGULARIZE THE IMPORT SITUATION IN WAYS WHICH DO NOT UNDULY RESTRICT THE INTERNATIONAL TRADING SYSTEM. OUR TWO GOVERNMENTS HAD USEFUL CONSULTATIONS IN SAN JOSE LAST MARCH REGARDING THE RAPID INCREASE IN CERTAIN APPAREL IMPORTS FROM COSTA RICA. WE MAY WANT TO RENEW CONSULTATIONS ON THIS ISSUE IN THE COMING MONTHS IN ORDER TO REACH A MUTUALLY SATISFACTORY SOLUTION.

IN ADDRESSING YOUR CONCERN THAT HOUSING LOANS BE CHanneled
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DIRECTLY TO COSTA RICA RATHER THAN THROUGH THE CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION (CABEI), A BRIEF EXPLANATION OF YOUR HOUSING INVESTMENT GUARANTEE PROGRAM MIGHT BE USEFUL. OUR AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), RATHER THAN THE FEDERAL HOME LOAN BANK BOARD, MANAGES OUR HOUSING LOAN PROGRAM. THIS HOUSING INVESTMENT GUARANTEE PROGRAM FUNCTIONS THROUGH INTERMEDIATE CREDIT INSTITUTIONS, EITHER DIRECTLY IN A COUNTRY OR THROUGH REGIONAL CREDIT INSTITUTIONS SUCH AS CABEI.

I UNDERSTAND YOUR DESIRE TO USE THESE FUNDS MORE EFFICIENTLY. AID IS NOW WORKING DIRECTLY WITH YOUR GOVERNMENT ON AN URBAN ENVIRONMENT PROJECT WHICH INCLUDES A HOUSING INVESTMENT GUARANTEE. OTHER PROJECTS INVOLVING HOUSING INVESTMENT GUARANTEES TO COSTA RICA COULD BE CONSIDERED. AID WOULD BE HAPPY TO DISCUSS SUCH PROJECTS WITH APPROPRIATE OFFICIALS OF YOUR GOVERNMENT.

WE SHARE YOUR CONCERN ABOUT MIDDLE INCOME COUNTRY ACCESS TO DEVELOPMENT FINANCING. IN NEGOTIATING OUR REPLENISHMENT OF INTER-AMERICAN DEVELOPMENT BANK (IDB) RESOURCES, WE ARE WORKING TO MAINTAIN FLEXIBILITY FOR LENDING TO

MIDDLE INCOME COUNTRIES WITH OUTSTANDING HUMAN RIGHTS RECORDS SUCH AS COSTA RICA. WE ARE CONVINCED, HOWEVER, THAT THE LARGER QUESTION OF ACCESS TO "SOFT" LENDING BY MIDDLE INCOME COUNTRIES IS ONE WHICH MUST BE ADDRESSED PRIMARILY IN A MULTILATERAL RATHER THAN A BILATERAL CONTEXT. IN THIS CONNECTION, WE WOULD BE PREPARED TO EXPLORE WITH YOU IN THE IDB THE ISSUE OF MIDDLE INCOME

COUNTRY ACCESS TO THE IDB'S FUND FOR SPECIAL OPERATION.

ON THE ISSUE OF TUNA, THE UNITED STATES DOES NOT OPPOSE COSTA RICA'S DESIRE FOR A NEW APPROACH TO THE INTERNATIONAL CONSERVATION AND MANAGEMENT OF THE TUNA RESOURCES OF THE EASTERN PACIFIC OCEAN. WE WELCOME THE OPPORTUNITY TO
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DISCUSS THE MATTER WITH COSTA RICA AND OTHER COUNTRIES. AS YOU ARE AWARE, THE UNITED STATES PARTICIPATED IN A CONFERENCE OF PLENIPOTENTIARIES CONVENED LAST SEPTEMBER IN SAN JOSE TO NEGOTIATE THE TUNA ISSUE. THE UNITED STATES IS PREPARED TO PURSUE THIS MATTER SERIOUSLY AND TO SEEK A RESOLUTION OF THE PROBLEM AS SOON AS POSSIBLE. WE HOPE THE TALKS BEGUN IN SAN JOSE CAN BE RESUMED AS SOON AS POSSIBLE.

THE FUNDAMENTAL TENET OF OUR POLICY HAS BEEN THAT HIGHLY MIGRATORY SPECIES OF FISH SUCH AS TUNA SHOULD BE SUBJECT TO AN INTERNATIONAL REGULATORY SCHEME WHICH CAN PROVIDE EFFECTIVELY FOR CONSERVATION AND MANAGEMENT OF THIS IMPORTANT RESOURCE. WE ARE MOST CONCERNED LEST THIS PRINCIPLE OF INTERNATIONAL MANAGEMENT BE DISCARDED WITHOUT FULL CONSIDERATION OF THE IMPACT SUCH ACTION COULD HAVE ON THE CONSERVATION OF A RESOURCE WHICH COULD SO EASILY BECOME DEPLETED. AS WE EXPLORE NEW APPROACHES FOR TUNA CONSERVATION AND MANAGEMENT AND WHILE THESE QUESTIONS ARE THE SUBJECT OF ACTIVE NEGOTIATIONS, I BELIEVE IT IS IMPORTANT TO AVOID SITUATIONS SUCH AS BOAT SEIZURES WHICH WOULD COMPLICATE OUR DISCUSSIONS.

AGAIN, MY WARMEST CONGRATULATIONS AND VERY BEST WISHES FOR YOUR ADMINISTRATION. I SHALL BE LOOKING FORWARD TO THE VISIT OF THE COSTA RICAN YOUTH SYMPHONY, AND HOPE TO MEET YOU IN PANAMA SOON.

SINCERELY,

JIMMY CARTER

HIS EXCELLENCY
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RODRIGO CARAZO ODIO
PRESIDENT OF THE REPUBLIC OF COSTA RICA
SAN JOSE

END TEXT VANCE

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